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SOCIALIST DAILY PROPOSES DENUCLEARIZED ZONE IN EUROPE

Brussels LE PEUPLE in French 30 Dec 81 p 3

[Report on final stage of initiative developed by former Minister Albert De Smaele: "For a Security Zone in Europe"; passages enclosed in slantlines, printed in italics]

[Text] We have already reported, and on several occasions, on the initiative of former Minister Albert De Smaele and a few men of good will to create a denuclearized zone in Europe. This is the last stage of his project which, we believe, has made slow but steady progress over the last few months.

There are three nuclear states in Europe: the Soviet Union in the East, France and Great Britain in the West.

The /Security Zone/ is the territory located between the two nuclear frontiers. This territory is occupied by the 11 /non-nuclear states/ of the North Atlantic Treaty Organization, specifically:

Belgium, Denmark, Greece, Iceland, Italy, Luxemburg, Norway, the Netherlands, Portugal, the Federal Republic of Germany and Turkey;
by the 6 /non-nuclear states/ of the Warsaw Pact Treaty, specifically:
Bulgaria, Hungary, Poland, the German Democratic Republic, Rumania and Czechoslovakia

and by the 13 /non-nuclear states/ which are not members of either of the alliances, specifically:

Austria, Cyprus, Spain, Finland, Ireland, Liechtenstein, Malta, Monaco, San Marino, the Holy See, Sweden, Switzerland and Yugoslavia.

These 30 states are referred to as the /Security Zone States/.

The extreme seriousness of the situation, in the face of the modernization of nuclear arms in Europe, forces us to a rigorous control over our thoughts, with the essentials taking precedence in our reasoning.

What is the /essential/? The rivalry of the two big military powers has, over a period of 30 years, produced the development of two nuclear arsenals structured for a long distance confrontation over the Atlantic. At the end of this long escalation, the certainty has grown that a conflict would lead to the mutual destruction of the two big powers.

Hence, following the signing of SALT II, a change has suddenly appeared in broad daylight in the strategy of this confrontation.

The transatlantic nuclear arsenals of the two powers have in fact been stabilized and neutralized; on the other hand, the two arsenals drawn up on both sides of the frontier which separates the two alliances in Europe have embarked on a road of intense competition and development. The symmetry of deterrence disappeared between Europe and North America; Europe becomes the area of confrontation for the big rival armies. In case of war, the missiles lined up face to face would hit it with such density that the elimination of the population in the zone of operations would be total.

Not only the seriousness but also the probability of war has been dangerously enhanced by the new strategy because surprise -- which is impossible across the Atlantic because of radar surveillance -- will henceforth be possible on the continent due to the small distances involved. As the warning period has become insignificant, the one who fires first will have the chance to decisively weaken the response of the adversary. Thus, the countries of the theater will be condemned to live in a constant state of alert, waiting for the error, the release of nervous tension or fanaticism to seal a tragic destiny.

It has been said that: "... the search for a third road between Washington and Moscow has the scent of an absurd neutralism." It is already regrettable enough that circumstances have led two big countries into a dangerous nuclear escalation; it would be enough to give up all hope if the rest of humanity could do no better than to take sides and to make war and the holocaust inevitable. The real absurdity lies in abandoning the hope that the community of nations may be able to play a role and offer better options.

The real problem lies in the fact that the nuclear era and our age-old approach to international relations are incompatible. This struck all of us at the time of Hiroshima and Nagasaki.

We then harbored the illusion that we would be able to find a compromise in the balances of terror -- each getting its share -- in order to avoid the worst. This fiction is in the process of falling apart. Nevertheless, the very worsening of the danger, resulting from its unequal concentration -- specifically, in the European theater zone between the two nuclear frontiers -- could constitute a political stimulus for negotiations at a regional level, as proposals, formulated in the East and in the West, for a European disarmament conference attest. On that occasion, the concern for the maintenance of military balances should go hand in hand with a new political attitude.

Between Two Nuclear Frontiers

In the area between the two nuclear frontiers live 400 million people whose governments have signed the Non-Proliferation Treaty* and the Helsinki Agreements.**

* Except for Spain and Monaco.

** North Atlantic Treaty Organization: 11 nations, 207 million people; Warsaw Pact Treaty: 6 nations, 107 million people; non-members of either of the alliances: 13 nations, 90 million people. Total: 30 nations, 404 million people.

Five of the countries which are not members of either of the alliances, specifically Austria, Finland, Sweden, Switzerland and Yugoslavia, cover a large area and form a political barrier for the transit of foreign arms over three-quarters of the line separating the two alliances. The significant breach in this barrier extends over 600 kilometers from the Baltic Sea to the Austrian border. Within this breach, basic treaties have been signed by certain countries in order to guarantee their peaceful relations. The strategic scenarios of the alliances describe those plains as the ones where, in case of war, the decisive battles would be fought.

/Who would be in a better position to measure the dramatic absurdity of such a possibility than the peoples of that continent? These peoples who are living shoulder to shoulder on a tiny territory where, over the years, their common culture has developed, these peoples whose varied political regimes do not exclude exchanges and friendly relations, will they agree to play this last war? Who will force it upon them? With what right?/

/It would be in the real interest of the whole world -- within the framework of their respective political commitments -- for the non-nuclear countries in the theater to seize the opportunity which presents itself to put up a barrier against the pursuit of military escalation./

/Europe must not become a field of confrontation for the big rival armies and thus be doomed to destruction. European security can only result from the direct political commitment of each state on the continent in the full exercise of its sovereignty./

Elements of Military Balance

Three elements are associated and integrated into the overall military balance:

. First: the long range transcontinental nuclear balance. This is ensured de facto by the system of balance of terror, and de jure by the patient pursuit of talks on the limitation of strategic arms.

. Second: the theater nuclear balance, which includes the arms deployed behind the two nuclear frontiers and those deployed between these two frontiers. This factor has not been negotiated as yet.

. Third: conventional weapons, which have been discussed in Vienna since 1973 (MBFR [Mutual and Balanced Force Reductions]).

Gradual Approach

Let us assume for a moment:

- 1) that measures be taken to the effect that not a single nuclear or conventional weapon will be fired either from or into the zone;
- 2) that nuclear and conventional arms be frozen within the zone bounded by the two nuclear frontiers and behind them at the level of the situation existing in 1979, when the signatories of the SALT II agreement implicitly recognized the existence of an overall balance of the armed forces of the two alliances;

3) that, next, foreign nuclear and conventional arms be gradually withdrawn from the zone in balanced proportions;

4) that nuclear and conventional arms be reduced at the same time over the European territory as a whole and that the deployment of those weapons which are to be retained be specified;

5) and, finally, that the non-nuclear nations be organized effectively for non-nuclear defense: it is clear that /the political impact together with the defense capability of 400 million people within the European non-nuclear zone would provide a decisive contribution to the establishment of peace/.

8463

CSO: 3100/234

SECRETARY FOR ENERGY KNOOPS ON ENERGY POLICY

Brussels LE SOIR in French 7 Jan 82 p 2

[Report on interview with Secretary of State for Energy Etienne Knoop by Guy Duplat: "Energy in the Liberal Age: New Nuclear Power Stations and Revision of Distrigaz Contract"; date and place of interview not given]

[Text] The Secretariat for Energy in Belgium has a new big chief, a new helmsman who is taking on the heavy job of successor to Willy Claes: Etienne Knoop. This 47 year old liberal representative is no neophyte. In 1974, at a time when he was still a member of the RW [Walloon Rally], he was secretary of state for economic affairs and an assistant to Ministers Oleffe and Herman. At that time he was already in charge of some of the energy problems.

At the Secretariat for Energy in the current government, he has inherited coal, oil, gas, electricity and nuclear energy problems. In addition to those of the various energy oriented research institutions: the CEN [Nuclear Energy Research Center] in Mol, the IRE [National Institute for Radio-Elements], the INIEX [National Institute for Extractive Industries], and so forth.

He explained his intentions to us at length. While he remains loyal to his old loves (the underground gasification of coal), he otherwise appears to follow the straight line of liberal ideas. Thus, he seems more concerned with renegotiating the contract for the delivery of Saudi oil to Distrigaz than with reviewing the program contract with the oil companies; he states in a thinly veiled manner that a new nuclear power station will have to be built and he believes very little in alternative solutions. As for the parliamentary debate on energy, a debate which was promised 7 years ago by Mr Oleffe and has constantly been postponed, Mr Knoop wants to organize it "as soon as possible." We would like to believe it.

As far as coal is concerned, he said, the short term problem is more financial than quantitative. "It does not do any good to produce energy which is more expensive to us than the energy we will have to import." And Mr Knoop intends to take on the challenge of the Flemish coal mines: "It is as intolerable as that of the Walloon steel industry. It will be necessary to close some mines in Campine, as one

day it will be necessary to close the last Walloon mine of the Roton. I am not asking the people from Campine to be more courageous than I, but I hope that they will be as courageous as I am. As a matter of fact, as a member of parliament from Charleroi I dared to say in the middle of an election campaign that our steel costs were far too high and intolerable for the state. I expect the Flemish to dare say the same thing with regard to their coal mines."

In the longer term, Mr Knoops believes in the underground gasification of coal. An old idea, which would make it possible to export, under profitable conditions, the enormous quantities of coal which remain in our subsoil. Seven years ago, he had already initiated a first research program for this purpose. He now plans to give it a new push.

"In the next few weeks, an attempt will be made to ignite a coal deposit at Thulin. The whole problem will consist in being able to maintain combustion long enough to make the recuperation of the gasses possible." But even if these attempts succeed, Mr Knoops does not promise all the gold of the Incas by tomorrow. A first industrial project could be operational by 1985 and it will not be before 1990 that "coal gas" will enter into our energy balance.

4.5 Billion Loss

Mr Knoops left the subject of coal with regret: "Coal is surfacing again," he likes to say. And he approaches the subject of oil with very liberal ideas.

And yet, the main line of his policy is one which Mr Oleffe -- a name he likes to mention -- had traced: "The security of supply through diversification." But he added: "The diversification of the sources more than that of the buyers."

And Mr Knoops attacked, in more or less veiled terms, the contract signed between Distrigaz and Saudi Arabia. "The contract negotiated by my predecessor could be very expensive for us. At the present time, Distrigaz buys oil at \$3 above the market price. And as the contract involves 5 million tons of oil, this could represent a 4.5 billion franc loss for us!"

"But," Mr Knoops admitted, "there is what we would like to do and what we are able to do." In any case, Distrigaz will be closely watched by the liberals who might request a change in the composition of its board of directors.

As far as the revision of the program contract with the oil companies, provided by the government agreement, is concerned, Mr Knoops was more evasive. Yet, the government must adopt a position before 31 January if it wants to cancel the contract.

"We are in the process of comparing the merits of a return to the system of price freedom and those of an agreement within the framework of a program contract. But if we do change the current system, those who are protesting against the program contract now when the market prices are below those resulting from the contract should not, a few weeks from now, come and demand another action on the prices!"

This having been said, it seems that in the past the program contract has been more advantageous for the majority of Belgian enterprises than the freedom of prices as it has been practiced in the FRG, for example.

Power Station at Chooz?

In the area of electricity, Mr Knoop first noted that, in spite of an overall reduction of energy consumption in Belgium, the consumption of electricity has held fast.

"Hence, it is certain," he said, "that in case of a resumption of economic growth, the consumption of electricity will be the first to increase. And as investments in matters of electricity production must be decided a long time in advance, I am in favor in this regard of making a bet on the future, as Pascal wagered on the existence of God."

"And, whether one likes it or not, at the present time the least expensive electric energy and that which is easiest for us to stockpile is nuclear energy. Hence, I believe that, in a 1990-2000 perspective, we should already make provision for the construction of new power stations."

"I am currently studying the equipment plan of the electricians. But allow me to be surprised that those who constantly deplore the absence of investment plans fight with such energy -- an energy which would be better used elsewhere -- the only major investment projects which have been proposed to us! Our industry, and particularly the Walloon industries have a great deal of experience in the field of nuclear equipment. Would it be wise to deprive them for the moment of national orders?"

Mr Knoop did not exclude the possibility, if the case were to arise, of acquiring an interest in the future power stations at Chooz. "The project is exclusively French," he said. "I have no authority over this subject. Obviously, it would be different if in some way we were a party to the matter."

One Should Not Dream!

Last major energy issue: gas. "The problem in the coming months will be the negotiation of gas purchases from the Soviets. Under the present circumstances, you will understand that I have to be, to say the least, cautious. As a matter of fact, there is a possibility that the Franco-Russian contract will be called into question again."

"As for the Zeebrugge project, it has experienced a great deal of delay. And, taking into account the sums which have already been committed as well as other supply possibilities, it will be necessary to study the economic value of the remaining sums to be invested."

And energy savings and new energy sources?

"One must distinguish dreams from reality," Mr Knoop explained. "I love to dream, but I have never appreciated people who dream while wide awake." Mr Knoop is prepared to support research projects on new energy sources, but he does not believe that they will make a significant difference in our energy supply before the year 2000.

In terms of energy savings, he wants to "eliminate all waste." But here too, he said, "one must remain reasonable. There are energy savings which are a threat to

employment or to the standard of living. Closing an enterprise or eliminating heating in residences are bad energy savings," concluded the new secretary of state for energy.

8463

CSO: 3100/216

BRIEFS

KAVALA OIL FIND HOPES--The seismic research ship "Western Ocean" is operating in two possible oil deposits in the Eleftheron Gulf of Kavala. The "Ammodis I" and "Ammodis 2" drillings had taken place formerly in these two locations but had been stopped. Seismic research in the Northern Aegean will last 1 month, while new drillings will start in June. An oil expert in Kavala noted yesterday that there is a 90 percent possibility of finding oil in the Gulf of Kavala and that it is almost certain that there are two hydrocarbon deposits next to the Prinos oil deposit. It is also noted that seismic research will take place west of Thasos for the first time. [Text] [Athens TA NEA in Greek 18 Jan 82 p 1]

LIBYAN OIL--The government intends to purchase a larger quantity of Libyan oil through the Soviet Union. The decision gives rise to a number of questions: financial circles are wondering why is the country purchasing Libyan oil through the Soviet Union, a fact that naturally boosts up the price when, on the basis of an agreement signed under the New Democracy government, we can purchase directly from Libya up to 2,500,000 tons at a more advantageous price? And also, why has the direct purchase of oil from Libya been limited to 1,500,000 tons instead of 2,500,000? Minister of Industry and Energy Peponis, who announced that larger purchases of Libyan oil will be made through the Soviet Union, stated also that the total amount of crude that Greece will purchase from various countries in 1982 remains unchanged. [Excerpt] [Athens I VRADYNI in Greek 9 Jan '82 p 14]

CSO: 4621/147

SAGA PETROLEUM SEEKS FINANCING FOR NORTH SEA EXPANSION

Oslo AFTENPOSTEN in Norwegian 16 Jan 82 p 51

[Article by Bjørn H. Tretvoll]

[Text] Saga Petroleum must get between 4 and 5 billion kroner to finance the development work the firm is contemplating in the North Sea in the 1980's. Saga's part of the total reserves in the fields that are now in production or approved for development amount to ca. 24 million tons, which at today's prices have a value of over 30 billion kroner. There has already been contact between Saga Petroleum and the firm's bank connections with a view to determining how this financing need can be covered.

Problems in the subsidiary Saga Petrokjemi, of which Saga Petroleum has now become sole owner, have led to the Saga concern's overall financial situation's getting into the limelight. Even though it has still not been made clear how the financing of Saga Petrokjemi will be accomplished, Saga Petroleum can hardly avoid giving a new subsidy in the millions to this losing concern. This extra burden will still be relatively modest in relation to Saga Petroleum's other business.

Asbjørn Larsen, administrative director of Saga Petroleum, says that getting financing for the projects the company is now participating in will not offer serious problems. The bulk of the need will have to be covered by various forms of loans. But Saga is also counting on being active on the Norwegian market in the 1980's to get new company capital both by stock issues and by convertible bonds.

In financial circles it is emphasized to AFTENPOSTEN that Saga's possibilities of getting new share capital would be markedly improved if the company changed its regulation that only Norwegians and Norwegian companies can own shares in the company. Upon the introduction of a foreign quota of 20 percent corresponding to the requirements of the concession law, Saga's stock would probably rise somewhat on the market, and the company would get a broader market to resort to in future capital expansions. Director Larsen makes it clear to AFTENPOSTEN, however, that this is not being considered currently.

Slight Surplus in 1981

If we disregard the petrochemical operation, Saga Petroleum has a modest surplus for 1981. After tax-conditioned write-offs on the company's share of the production equipment in the North Sea this amounts to about 40 million kroner. With a 56-percent share of the ownership, nearly 65 million kroner of Saga Petrokjemis 1981 deficit falls to Saga Petroleum. For 1980 Saga Petroleum had a deficit of not quite 60 million kroner including the tax-conditioned write-offs and the petrochemical operation.

With such a balance sheet for 1981 the remaining part of Saga Petroleum's original share capital of 420 million kroner will have come down to less than 300 million kroner. The company has also taken out convertible bond loans totaling 175 million kroner. Saga's most important financing base otherwise is an international bank loan of \$150 million that had been drawn upon for about \$75 million by the end of last year. Refinancing of that loan is being discussed as a part of the clarification of Saga's future financing needs.

Saga's total operating revenues amounted to ca. 200 million kroner in 1981. The company is budgeting for operating revenues of ca. 240 million kroner in 1982 and a further increase to 400 million in 1983 and 500 million kroner in 1984. These predictions are based on conservative assumptions which involve among other things a decrease in the real price of oil during the period. It is hard to predict anything about the fluctuation in the balance sheet. For the next few years the development in the petrochemical operation, where prospects are relatively gloomy, may be a considerable burden. It may therefore be some time before any dividends can be paid to stockholders.

Thus far Saga Petroleum has acquired shares in 14 concessions on the Norwegian continental shelf and is the operator for 5 of them. The company's most important source of income for the next few years will be the Statfjord field, even though Saga's share is not more than a scant 1.6 percent. In the neighboring Murchison field, which has also come into production, Saga's share is only 0.3 percent.

Big Development Projects

The company is in on several significant development projects on the Norwegian continental shelf that have been given the green light. In the so-called "Gold Block," Block 34/10, Saga's share is 6 percent. In the Heimdal gas field Saga has 2.43 percent. On the British side Saga participates with a net share of 1.5 percent in the Brae field, which is expected to come into production in 1983.

Saga's part of the development costs for Heimdal is financed through an agreement with the operating company Elf. A corresponding agreement has also been entered into for Brae with Marathon, which is the operator for that field.

Saga must finance its part of the remaining investments in Statfjord itself. But here production is already under way, and it is not expected that the remaining development will present problems.

Saga's part of the investments in the "Gold Block," Block 34/10, will come to about 2 billion kroner. Saga's 2 percent share in the pipeline company Statpipe will require ca. 400 million kroner. Both of these amounts are calculated in current kroner, and interest during the construction period is not included.

The latest estimates show that Saga's part of the reserve deposits in these fields is ca. 24 million tons. At an oil price of \$35 a barrel and a dollar exchange rate of 5.50 kroner per dollar these reserves have a combined value of a good 32 billion kroner.

But Saga is also in on other promising projects that it has not yet been decided to develop. The company's 7.5-percent share in the so-called "Silver Block" represents the biggest potential in this group. This block will bring Saga's reserve share up to 35 million tons, according to tentative reserve estimates.

The gas find in Block 35/3 west of Måløy, where Saga is the operator with a 15-percent share, may also prove to be worth exploiting. Saga is also counting on getting to participate in the three very promising blocks that border on Shell's gas find in Block 31/2. Saga has also made a gas find on the Halten Bank and appraises the prospects as good in Block 2/2, where no drilling has been done yet. In addition, Saga is interested in a gas find on dry land in the United States.

Continued Prospecting

In addition to these projects Saga must also finance its own prospecting both in existing and in new concessions. In this connection it is a definite relief for the company that the Storting has decided that the other Norwegian companies no longer have to cover Statoil's share of the prospecting costs as well. Up to the end of 1981 Saga had paid out ca. 150 million kroner to cover Statoil's share of the prospecting costs in the concessions in which both companies are participating.

Politically there is broad agreement that Saga shall be one of the three companies that will be assured of a place in the future operations on the Norwegian continental shelf. The new government's statements about giving Norsk Hydro and Saga a greater part of the operation on the continental shelf have created great expectations in the company's management.

Saga was established after a definite request by the authorities that the private interests should unite if they were to get a chance at concessions in Norwegian waters. "We have now developed a depth and breadth in our operations that makes us ready to play a part as independent contract supplier for the authorities," says administrative director Larsen.

As of the end of 1981 Saga had 220 employees in Norway. Of these, about 40 are geologists and geophysicists, while 60 are engineers. The staff is expected to increase by 100 persons in 1983. The company's clear aim over the relatively short term is to get a development assignment on the Norwegian continental shelf. In this connection they point to their experiences in the West African state of Benin, where Saga has been responsible for the development of a smaller oil field at sea.

8815

CSO: 3108/48

DELAY IN PLAN FOR WIDESPREAD USE OF MINI-POWER PLANTS

Oslo AFTENPOSTEN in Norwegian 13 Jan 82 p 52

[Article by Sissel Norevik]

[Text] A lot of water will run into the sea before the objective in the government energy paper of building up small power plants to produce almost double their present capacity is attained. The plan was for 2 billion kWh more in 1990, but hardly more than 0.7 billion kWh extra will be obtained within that time. Planning is continuing, but not a single turbine for a small power plant has yet been ordered. Difficult property relationships, environmental considerations, and the power prices stand in the way. In addition, the proceedings are just as extensive for small power plants as for big installations. And it would take 300 power plants like the Muradalen Power Plant in Hardanger to produce as much as one of the 4 big units in Norway's biggest plant, Kviteseid Power Plant.

"Today plants like the Muradalen Power Plant with its 1,000 kW unit seem 'Lilliputian' compared to the gigantic Ulla-Førre installation. But the small power plants played a very big part in the beginning of the electrification of the country," says Director Asbjørn Vinjar of the Energy Directorate. "The development has been characterized by a reduction in the number of small power plants and a dramatic increase in production in big power plants. There are now about 240 small power plants that can produce between 100 and 10,000 kW. We have no figures on how many there are smaller than 100 kW. But in 1944 there were 1,500 power plants under 100 kW and 500 between 100 and 10,000 kW."

Vinjar says that state support is being given to planning for small power plant expansion and that work is being done to remove or reduce the obstacles, but he adds that small power plants that are situated in counties where there are still big power installation projects, such as Nordland, Oppland, and Sogn and Fjordane, will have little chance of being expanded for many years.

BRIEFS

OIL INCOME DECLINE SEEN--The Norwegian state revenues from the oil operations in the North Sea will 20 billion kroner lower in 1985 than earlier calculations have been assuming, according to HØYRES AVIS. Finance Minister Rolf Presthus confirms to the newspaper that the revenue estimate has been greatly reduced, but emphasizes that the figures are somewhat uncertain at present. "By 1985 it may go up to three times the amount in taxes that we promised," says Presthus. [Text] [Oslo AFTENPOSTEN in Norwegian 16 Jan 82 p 3] 8815

CSO: 3108/48

CENTRAL BANK LOWERS DISCOUNT RATE

Zurich NEUE ZUERCHER ZEITUNG in German 8 Jan 82 p 13

[Article by pmr.: "Discount Reduction in Belgium -- Position of Franc Only Slightly Improved"]

[Text] Brussels, 6 January -- Effective 7 January, the Belgian National Bank has lowered its discount rate from 15 percent to 14 percent and its Lombard rate from 17 percent to 15 percent. It has thus been relatively quick to dismantle part of the defensive barrier it had erected on 11 December by instituting a 2-percent jump in both rates in the face of heavy speculation concerning devaluation. The bank justifies its action on the basis of the trend on the Belgian money market, where the interbank rates have dropped by about 1.5 percentage points over the last 3 weeks. Probably also playing a role in its quick decision, however, was the effort to provide a certain measure of assistance to the finance minister, who has announced for 20 January a new government bond issue bearing 14.25-percent interest. Recent days have already seen a continuous decline in interest rates on treasury notes.

The position of the Belgian franc on the foreign exchange markets has "normalized" once again in recent weeks; there has not, however, been any real recovery. The franc continues to be the weakest link in the European Monetary System (EMS). It merely trades places for a day at a time with the German mark. At the beginning of the week, its negative deviation from the Ecu [European counting unit] median rate was hovering between 60 and 65 percent. Admittedly, the franc rate for financial transactions has improved tangibly; this rate is not administered by the National Bank. Its lesser value in relation to the commercial franc's government-regulated rate has amounted to only between 8 and 9 percent in the last few days compared to as much as 16 percent in mid-December. Nevertheless, compared to the deviation of between 1 and 2 percent that used to be the norm, this reduced margin still signifies a substantial vote of no confidence by the market against the Belgian currency. Of the monetary reserves used to prop up the rate in November and December, hardly anything has flowed back in to date. On the contrary, in the week ending 4 January, the National Bank intervened once again with foreign exchange valued at 1 billion Belgian francs.

For the last year as a whole, foreign exchange valued at 310 billion Belgian francs was sold to prop up the rate. But this brought virtually no change in the foreign exchange reserve which the National Bank declared on 4 January to be 110 billion francs. In the course of last year, the reserve was repeatedly replenished by the

government's foreign credits amounting to a total of 270 billion francs. At the same time, the Ecu volume of 111 billion had dropped to 34 billion by the end of 1980. In view of the foreign debts accumulated by the public sector over the past 3 years -- approximately 500 billion francs -- nearly two-thirds of the total monetary reserves, whose current value is figured at about 760 billion francs, have meanwhile been mortgaged.

In the first 9 months of last year, public sector borrowing abroad together with increased direct investments in Belgium largely evened up the balance of payments. Set against a payments deficit that had swollen from 114 billion to 147 billion francs in the first 9 months was an import balance for the movement of private capital amounting to 48 billion (30 last year) and of public capital amounting to 78 (32) billion francs. Thus, the payments transfer for the nonmonetary sector finished with a reduced negative balance of 21 (61) billion francs, allowing for statistical error. For the year 1981 as a whole, the National Bank is expecting an increased balance of payments deficit, rising from 153 billion to between 200 billion and 220 billion francs.

7458

CSO: 3103/204

INSTITUTES PREDICT SLIGHT ECONOMIC RECOVERY FOR 1982

Bonn DIE WELT in German 23 Dec 81 p 9

[Article by Horst Biallowons: "Institutes Predict One-Percent Growth for 1982"]

[Text] Bonn -- "The full effects of the last oil price increase are just now being felt by the economies of the Western nations," was the judgment of the OECD in its latest prognosis on the development of the world economy, which was published in Paris yesterday.

All in all, the organization predicts economic growth averaging 3 percent for the entire OECD area next year. Of course, there will also be considerable differences between developments in the United States, Japan and Europe in 1982. Real gross national production in the United States will decline by .5 percent, according to the OECD estimate. In Europe, on the other hand, an average increase of 1.5 percent is expected. The largest rise will be in Japan. During the second half of 1982, 4.5-percent growth is expected there; the average annual rate is supposed to be around 3.75 percent.

The 8.5-percent rise in prices for the entire OECD area will be 1 percent below this year's rate on the average. The FRG and Japan should expect inflation rates of 4.5 percent; the United States, 7.5 percent. Unemployment will rise to an average of 10 percent by the middle of 1983, according to the OECD. At present it is 9 percent. The number of unemployed next year in the United States, Japan and Western Europe together is supposed to total 28.5 million. This would correspond to an unemployment rate of approximately 8 percent.

The Hamburg IWWA Institute for Economic Research sees "no upswing next year" for economic development in the FRG. Although there will be a slight increase in demand and production, there is no telling precisely when a change in domestic demand can be expected. The institute estimates an average growth in the real gross national product of approximately 1 percent.

The Munich Ifo Institute for Economic Research predicted an economic recovery in its latest economic report for the FRG, but it gave no information on the time period for the anticipated change in the economy. As one of the prerequisites for this, the institute names wage contract restraints. The recovery is likely to begin in the first half of 1982, according to the report.

The recovery will presumably take place at a halting pace, however. The Ifo and the HWWA both estimate that real growth of the national product will amount to an average of about 1 percent for 1982. On the whole, economic development in 1982 will be marked initially by unfavorable overall conditions. Domestic demand will continue to decline for the present. Growth in exports will probably become somewhat less dynamic.

7458

CSO: 3103/207

SMALL INCREASE IN FOREIGN, DOMESTIC AUTO SALES SEEN

Bonn DIE WELT in German 23 Dec 81 p 9

[Article by Inge Adham: "Profiting from Barriers Erected Against the Japanese in European Markets"]

[Text] Frankfurt -- German automobile and van production this year will slightly surpass the 1980 output (3.5 million vehicles) even though domestic registrations from German manufacturers have again slipped 2 to 3 percentage points on the minus side. The reason for this development -- which is being received with satisfaction by an automobile industry that was severely shaken last year -- is a blossoming export effort.

This November alone, 202,400 of the 347,100 automobiles and vans produced this year were sent abroad. That is a 29-percent increase in exports combined with a production increase of 17 percent (per work day) over November 1980. For the first 11 months, the export increase for autos and vans totaled 3 percent, while at 3.3 million autos and vans, production for the 11 months was at the same level as last year.

The outlook for commercial vehicles, on the other hand, appears worse, as the latest monthly report of the Automobile Industry Association [VDA] indicates, with production results 11 percent below last year's figures. The weak economic condition worldwide, which has crippled the demand for transport and light trucks, is reflected here.

The outlook for heavy trucks appears different: Good export results are holding production at last year's level, reports the VDA. An "easing" of the till now rising demand for commercial vehicles on foreign markets can be detected, however. Iraq, by the way, has proven to be a particularly good customer, ordering 1,500 trucks from MAN [Augsburg-Nuernberg Machine Factory, Inc.] alone.

Approximately 60 percent of the entire German automobile production coming off the assembly lines so far this year has been destined for export. A glance at the automobile markets in Italy and France, where the Germans have been able to increase their shares from 16 to 19 percent and from 12 to 17 percent, respectively, shows how successful exports have been. The German sellers have been the main beneficiaries of the partial barriers erected on these markets against Japanese

export cars. In addition to this, they were assisted by the relatively stable German auto prices.

But success in stopping the advance of the Japanese in other export markets, as well as on the domestic market, is being claimed by the auto firms. Although Volkswagen achieved its largest rate of increase in exports to Italy and France (up 48.3 percent and 30.1 percent after the first 11 months of 1981) it also had a good 9-percent increase in exports to Great Britain and 13.5 percent in Belgium, so VW is in good shape; for all Western Europe during the first 11 months, 16 percent more autos were delivered to customers than in the previous year.

This positive development, however, was totally wiped out within VW by the collapse in Brazil (minus 41 percent). With 2.13 million deliveries to customers during the first 11 months, the VW concern remains a good 5 percent under its previous year's level.

At Adam Opel Ag [Inc], too, the future after this year is being viewed somewhat more calmly. After success with the "small ones" — export of these is also described as very good — and a "reassuring" business with the upper medium class, 1981 will look a little better than last year. Achieving particular success in France were Opel, BMW — whose total sales will also increase this year — and Mercedes; this development has caused French auto makers, whose sales have been hampered by the high rate of inflation, to call for political responses.

The "slight economic revival" (VDA) of domestic auto demand last month foretells a more pleasant beginning this year than last for German auto makers. With new energy-efficient models available, there is once again a purchase motive for the private buyer as well. The fact that the German auto makers are a nose ahead in this development is also shown by the slightly declining market share for foreign dealers in the FRG.

7458

CSO: 3103/207

MICROELECTRONICS INDUSTRY HIT BY RECESSION

Hamburg DER SPIEGEL in German 30 Nov 81 pp 90, 92

[Article: "Monday Off"]

[Text] The economic slump has hit a branch that supposedly has a great future: The producers of computer chips announced they had to resort to layoffs and reducing the workweek.

The two owners of the "Igel" Inn in Freising near Munich knew where to find guests for their newly opened restaurant. In the in-house newspaper of Texas Instruments, an American electronics firm that nearby maintains a semiconductor plant, the innkeepers placed an ad reading: "Whereto on your day off?"

Since the beginning of this year, many German employees of the world's biggest producer of electronic elements have been following the company management's request and have been taking Mondays off. An unexpected drop in orders for the intelligent elements that control computers, videorecorders, washing machines or industrial robots has forced the branch leader and other firms to reduce the workweek.

The sales slump has hit the industry rather abruptly: The business involving integrated circuits, computer chips or microprocessors had been considered absolutely stable. Since 1975, worldwide turnover had tripled. Just recently, the experts predicted another doubling for the period up to 1985.

As late as 1979, the customers of many producers had to wait months for delivery. Obscure traders who through shady dealings had obtained supplies from well-known companies conducted a profitable black-market trade in the urgently needed elements. Market researchers predicted that even an economic crisis would benefit the semiconductor industry: The recession-induced pressure toward rationalization would of necessity increase the sales of electronic products, the notorious job killers.

At present, however, the producers of the new technology are worrying about their own jobs.

The German electronics concern Siemens shut down an electronic elements-producing plant in the South Sea state of Mauritius and sold a production plant in the United

States. In the spring, Texas Instruments laid off 2,800 employees--i.e. 3 percent of its total work force--in its plants around the world. National Semiconductor, one of the leading U.S. firms, asked its employees to take off 2 days--in December even 4 days--of compulsory vacation per month: "It is going to be a harsh year," lamented company boss Charles E. Sporck.

According to Dedy Saban, Europe manager of Motorola, the branch's second-largest--and likewise American--firm, global sales of electronic elements will this year decline by 5 percent. In the United States, the decline (3 percent) has been quite mild. In Europe, however, the calculations of the market strategists were totally wrong. Instead of the expected increase of 9 percent, they now predict a 12-percent reduction.

To some extent, the business slump is attributable to the competence of the firms' own technicians. Since it has become possible to store more and more information on the individual chips, a computer producer needs fewer electronic elements for any given calculation. The first models of 1971 were designed for approximately 1,000 computer digits (bits). At present, one can obtain chips for 65,000 bits.

In spite of increased performance, the prices of the microelectronics industry's products have been steadily declining. If the automobile industry had made similar advances, said Juergen Dangel of the AEG Development Center for Integrated Circuits, illustrating the extent of the chips revolution, "an automobile would now attain a speed of 500 km per hour and would cost only DM 10."

So far, the steady price drop--due to large series and production improvements--has helped the branch; it opened up more and more markets--down to the electronic toy. As a result of the rapid increase in unit output, the sales expansion easily offset the price decline.

In the last few months, however, this simple profit-and-loss account has become flawed. The demand of many customers is stagnating or falling, while the prices continue to decline--in the case of the chips, by an average of 35 percent within a year. A storage chip for 65,000 bits, for example, can presently be obtained for a mere \$15, whereas 12 months ago the marvel cost \$80.

There is another factor that is most troublesome for the producers: In anticipation of the promised boom, most of the firms had considerably expanded their plants: In 1979, Texas Instruments expanded its Freising plant by 50 percent. Last year, National Semiconductor expanded its plants in Utah and Scotland. Now the branch is confronted with the consequences of the worldwide excess of capacities: Frequently, orders are practically sold at auction to obtain the absolute price minimum.

The result: This year, almost all firms experienced a drastic reduction in the formerly considerable profits in the chips business. In the last 9 months, Intel, the U.S. firm that 10 years ago had produced the first microprocessor, suffered a 69-percent decline in earnings. National Semiconductor almost slipped into the red during the last quarter. At Siemens, the losses in the electronic-elements sector and disputes concerning the future course of this sector resulted 3 weeks ago in the resignation of Friedrich Baur, the executive board member in charge of this program.

Japan is the only country in which the chips revolution has been continuing--even this year. The Japanese semiconductor market is expanding this year--the only market to do so during the worldwide crisis--showing a noteworthy 17-percent increase. The big producers--such as Hitachi, Nippon Electric or Toshiba--have been benefiting from state support and Japan's continued economic growth.

The unexpectedly deep and protracted slump in all of the other countries shows that the promising industry is by no means as immune to recession as some electronics prophets had believed.

Slow growth in various branches that have already started to use electronic elements--in TV sets, domestic appliances, large-scale computers, automobiles and telecommunications--has led to a drop in demand. New use areas, e.g. the field of plant automation, have not advanced as rapidly as had been expected, because industry has exercised restraint in regard to investments.

It appears safe to assume that in the long run the electronics industry will show vigorous growth--namely when the old mechanisms in the industrialized countries will step by step be replaced by the new control systems; for the time being, however, the unconcerned faith in progress has disappeared.

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3103/139

INDUSTRIAL, TECHNOLOGICAL SALES TO TUNISIA; BANKING PLANS

Paris LE MONDE in French 26 Dec 81 p 15

[Article by Michel Deuré]

[Text] Tunis. With more than a billion francs in orders placed over the past twelvemonth, Tunisia now ranks among France's foremost industrial customers in the world. The latest of these contracts involving a "purchase advance" of 220 million francs was signed on 17 December. The money will go to build a phosphate enrichment plant for Tunisia's Gafsa Chemical Corporation. The new unit will bring to four the number of such plants already built in Tunisia; however, the earlier ones had been bought on a key-to-the-plant delivery basis, two from France and one from Japan, while this one will be designed and built entirely by the Tunisian design offices, with technical assistance from the Heurtey Company.

Other French activities have involved work, since the beginning of 1981, on the construction of a sixth cement plant (420 million francs), equipment for developing the offshore oil fields at Tazerka (around 400 million), establishment of a regulatory system for the production and distribution network of the Tunisian gas and electricity utility (90 million), installation of new telephone links (45 million) and of a Marseille-Bizerte underseas cable for 220 million.

France's participation in Tunisia's equipment program should continue just as energetically into 1982 with the signing of at least three new contracts. Two are connected with the establishment of Peugeot and Renault manufacturing and assembly plants which could re-export some of their spare parts production to France. The third will provide for the equipment by Elf-Aquitaine of the Miscar underseas natural gas fields in the Gabès Gulf.

Tunisian government spokesmen hope that the establishment of a Tunis-Qatar-France investment bank, which has been pending for a year, now, will become a reality within the next few months. Mr. Pierre Mauroy's visit to Tunisia early in 1982 could, they believe, hasten the birth of that institution, which is currently being blocked by the uncertainty surrounding nationalization of the French banks. Qatar's 30-percent subscription to the \$100 million that will form the bank's capital (with Tunisia contributing 40 percent) was the substance of an agreement initialled in September of 1981. France, however, has yet to get its expected 30 percent together.

EDITORIAL HAILS ECONOMIC COOPERATION WITH ARAB WORLD

Athens TO VIMA in Greek 1 Jan 82 p 10

/Editorial: "Greek-Arab Relations in Figures"/

/Text/ Beyond the noise and uproar, Yasir 'Arafat's visit to Greece brought one immediate result: It consolidated the conviction that Greece's relations with the Arab World, which have always been friendly, are becoming all the more closer. Both sides will benefit from this atmosphere of understanding and cooperation. The Arab World has rich raw materials, like petroleum, as well as significant financial resources. Cooperation between Greeks and Arabs in both economic and technical fields of endeavor is expanding.

About 80 percent of the petroleum imported by Greece comes from Arab countries. The market of the Arab World is for Greek foreign trade the biggest after that of the EEC countries, absorbing 22 percent of Greek exports and imports.

Governing the important Greek-Arab economic relations are some 120 protocols and agreements, of which 12 are trade agreements and 11 economic and technical cooperation agreements.

Economic relations are not limited to trade. Greek vessels handle about one-fifth of the sea transport of Arab countries. Especially important is the activity of Greek technical firms in the Arab countries of the Middle East and Africa where they have undertaken the study and implementation of developmental projects.

Economic cooperation has resulted in the establishment of Greek banks in the Arab World and Arab banks in Greece. This year, in fact, Greece began resorting to the purchase of Middle East capital to cover its lending needs.

Greece offers the biggest and most modern shipyard repair facilities in the eastern Mediterranean, and provides technical assistance for the training of personnel in the fields of telecommunications and electricity.

Making Greek-Arab friendship complete is the existence of the Arab community in Greece. About 20,000 Arabs live in our country, most of whom are Egyptian, Libyan and Lebanese businessmen.

Yasan Yantur, director general of the Khilala Trading Company and the Sultan Shipping Company, the latter one of the biggest Arab enterprises in Greece, said, "Despite difficulties encountered including the language barrier, Greece has become a center of the Arab World. As the gate to Europe and as a country where operating costs are relatively low, Greece has attracted many Arabs."

Yantur added that the amendment to Law 89, which restricts activities of foreign firms, would incite even more Arabs to set up their enterprises in Greece.

Following the outbreak of the civil war in Lebanon, Sukhil Sama, Lebanese ambassador to Greece, remembers, "At that time we were not too popular with the Greek people. They criticized us for contributing to inflation in the country. However, all of that has passed. The friendship between Greeks and Arabs is solid. And we are very grateful to the Greek people for their hospitality and love."

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CSO: 4621/129

MINISTER ANNOUNCES SERIES OF PRODUCTION INCENTIVES

Athens TO VIMA in Greek 8 Jan 82 p 1

/Excerpt/ Minister of Coordination A. Lazaris yesterday announced a series of 20 immediate and concrete measures to stimulate production.

The measures provide for the mobilization and stimulation of industries and handicraft enterprises which, as Mr Lazaris pointed out, are presently in a critical situation, with the result that a large segment of the productive force of the country is underemployed.

The strengthening of these enterprises will be sought through implementation of the following measures:

- Loans to handicraft enterprises can now amount to 60 million drachmas, up from the up-to-now limit of 30 million, i.e. double the amount.
- Ten percent of private deposits accumulated in banks will be committed to handicraft enterprises. This means that there will be capital amounting to over 100 billion drachmas that will be available as handicraft enterprise loans (up to now this amount was seven percent).
- Notes of clients who own industries or handicraft enterprises can now be issued on an 8-month basis instead of the present 5-month basis. (These notes are given to banks as security instead of equivalent loans.)
- Employer contributions to the IKA /Social Insurance Foundation/ are reduced by 40 percent, to the extent that this contribution will be increased through announced wage and salary increases. This adjustment affects 1982 only and refers to the pay increases which will ensue from the new collective bargaining agreements.
- For those employers (in industries and handicraft enterprises) who create new job positions this year, this contribution is reduced by 60 percent.
- The OAED /Labor Force Employment Organization/ will pay employers (in subsidies) 20 to 40 percent of the base wage or salary of newly-employed individuals between 18 and 30 years of age. These subsidies will be in effect for 6 months and the employer will have to retain the newly-employed for another 6 months, and they

cannot fire any other workers over a 12-month period of time.

- Twenty percent of the value of products exported by small and medium-sized exporters will be returned to them. As of now, 13.5 percent has been returned. This premium will be paid without delay right after the receipt of the corresponding foreign currency.

- The participation of Greek industry in government procurements will be facilitated by a series of regulations.

- The interest rate on loans contracted this year for maintenance or modernization of existing installations, equipment, etc. of industrial enterprises is reduced by 2 percent. The rate as of now for industries is 18 percent and 13.5 percent for handicraft enterprises.

- Are exempt from payment of business turnover tax and stamp duties, sales and purchases of small and medium-sized enterprises which operate with others as partnerships or cooperatives.

- Small and medium-sized enterprises which have become cooperatives or have gone into partnerships will be able to import, duty-free, raw materials and semi-finished goods which are to be manufactured for export purposes.

- Duties, contributions and other assessments in behalf of the state or third parties are reduced for the establishment of partnership companies and cooperatives.

The government will also study the question of readjustment of fixed assets of enterprises (adjustment of the value of land, buildings and other such elements to their real current levels).

Mr Lazaris said that the government estimates that these measures will cost the state about 9 billion drachmas. Without them, the OAED would be burdened with 5.5 billion drachmas to be paid out as unemployment compensation.

The minister concluded by saying, "We are interested in offering workers jobs and not unemployment compensation."

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CSO: 4621/129

BRIEFS

STATE MINING INDUSTRIES--The Greek Government is to create large state industries, based on agreements which it will sign mainly with Arab countries. These Arab countries will provide part of the capital required for their construction, and also supply the crude oil needed for their operation. In turn, the same countries will purchase the products. These industries will extract the country's mineral wealth. Among the industries planned are units which will transform bauxite into alumina and aluminum; others will produce lead and nickeliferous ores. Prime Minister Andreas Papandreu will announce the planned creation of these industries Sunday night, along with other economic measures for the control of inflation and the further development of the productive sectors. [Text] [Athens ATHENS NEWS in English 3-4 Jan 82 p 4]

NO IMPORT RESTRICTIONS--Commerce Minister Nicholas Akritidis said yesterday that the government does not intend to impose any import restrictions. Referring to press reports, the Minister said that no steps are to be taken which would unfavourably affect imports, and the new basket of economic measures to be announced by the government shortly will not include any restrictions with regard either to the number of imported items or the foreign exchange to be used. Referring to the growing bulk of imports, the Minister said that reducing the country's imports would depend on the steps to be taken to replace imported articles with goods of local production. [Text] [Athens ATHENS NEWS in English 31 Dec 81 p 9]

CSO: 4600/181

EDITORIAL REPUDIATES BONN'S 'INTERPRETER' ROLE

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 31 Dec 81 p 1

[Article by Guenther Gillessen: "Fear and Egotism"]

[Text] In looking back at foreign policy developments of 1981, what is striking is the opposite movements in America and Europe. For a year now a man has been in power in Washington who is trying once again to maintain a policy of balancing power with the Soviet Union and he has the support of his country and Congress. But in Europe there are governments which see the necessity for increased efforts in the area of defense policy--NATO's rule of thumb: 3 percent more--but which cannot manage to revise their budgets toward this end. Although the citizens of West Germany have never had such high earnings in the past as they do now and have never been less in need of subsidy from the state, more of them are subsidized now than ever before.

These differences of convictions have become so marked in the past year that they raise questions about the stability of the alliance. It was clear, shortly after Reagan's inauguration, that the complaints about America's "lack of leadership" that had been raised in Bonn against President Carter, only touched the periphery of the problem of the alliance. Because when Reagan was elected president, a man who showed a willingness to lead and who demanded responsible cooperation, this didn't suit the Europeans either.

Certainly the Reagan administration has made leadership mistakes. It took too much time in setting up its foreign policy team. There were awkward answers given to the question of the conceivability of a nuclear war in Europe. As a matter of fact it is difficult to see why one of the conditions for preventing a nuclear war in Europe should be the statement of just such a possibility and posing of a high risk for the Soviet Union. The effect of such a warning resides in the fact that--hypothetically--it could come to such a pass. But in the Federal Republic there was scarcely a single political figure who sought to interpret the well intended though ambiguous responses from Washington. They simply shied away and allowed the left wings of the incumbent parties and the press which supported them, to postulate America as the main threat to peace.

This demonization of Washington made it easier for Willy Brandt and even for the Federal chancellor to cast themselves in the role of East-West brokers. Brandt and Schmidt, each in his own way, took it upon themselves to bring the two "Great Powers" to the conference table, there having been apparently no dialogue "since

Afghanistan" and to get the Geneva disarmament talks started once again in the fall of 1981. The irritated Americans put up with this Bonn legend for a good while; the Soviet Union regarded the Social Democratic mediation comedy as quite useful, since it served to increase the alienation between Bonn and Washington--until Soviet spokesman Samyatin, during Breshnev's visit to Bonn, abruptly declared that the Soviet Union had no need of a German interpreter.

Yet Brandt and Schmidt need this role. For it is the consequence of an election campaign strategy which for more than a decade has emphasized the danger of an East-West war, in order to pose themselves as the guardians of peace and the parliamentary opposition as a threat to that peace.

The "equidistance" from the major powers which has been cultivated in the foreign policy of the SPD leadership, which has also left its mark on the foreign policy of the chancellor; the indifference with which the causes of the East-West conflict are seen, all this apparently pragmatic but actually superficial analysis, without regard for questions of right or wrong, together with the conceit that secular conflict can be dealt with through diplomatic means without the buttress of solid power: All of this can be counted among the reasons why German-American relations have suffered severe blows in this troubled year of 1981. Even worse is the harm that has been worked on our own young people: With the pretence of a foreign policy of "as-if", the illusion of a detente, an illusory peace and the fixation upon illusory dangers (such as the accidental outbreak of a nuclear war), an ominous loss of contact with reality has manifested itself in the peace movement.

The young people of West Germany scarcely know how rich they are in the possession of freedom and how privileged as citizens of a democratically governed state they are. They are scarcely capable of evaluating such possessions. They can scarcely distinguish between one form of government and another and thus can scarcely comprehend the tragedy in Poland: The reality of a brutal suppression.

Yet, what are we to make of a political leadership that lays upon itself and its citizens the manacles of a proper deportment and embroiders them with quasi-moralistic injunctions such as "Germans have no right to set themselves up as judges over Poland" or that they have no right "to disturb detente?" Instead of inspiring the citizens of the Federal Republic to courage, their leaders are instilling the fear of a war. And with that the Federal Republic and other parts of Western Europe along with them are drifting ever further into a policy of appeasement. And no one in authority dares to tell the anxious people as Churchill did the people of Britain in 1940, that they have nothing to fear but their own fears and egotism.

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CSO: 3103/196

LEISLER-KIEP, LAMBSDORFF INVOLVED IN BONN FINANCE SCANDAL

Zurich NEUE ZUERCHER ZEITUNG in German 17/18 Jan 82 pp 1,2

[Article by R.M.: "The Bonn Parties' Dilemma over the Donations Scandals -- No Escape in Sight"]

[Text] Bonn, 15 January -- Although it is customary for the parties to focus on advertising their -- often rather artificial -- differences, they are in agreement on one point: They presently are not doing well in material terms. Despite generous and varied payments from government coffers, party headquarters are burdened with millions in debts, and the prospects of being able to stop the gaps by opening up new sources of money in the foreseeable future have to be assessed as gloomy. Compounding this description of the situation is the circumstance that the political donations scandals, which have grown quite virulent over the past several weeks, are hovering like a sword of Damocles over the three parties in the Bundestag; no one knows when it will come hurtling down to claim its first victims. The hopes of yet being able to stop the judicial machinery that has been set in motion in this affair -- in order to prevent major political and personnel tremors affecting the Bonn party landscape -- have become rather slim, in the recent past at any rate.

Hidden Tax Advantages

At issue are illegal manipulations in the recording of private financial donations to the parties. To make the act of donating more palatable to companies and private individuals -- and particularly to afford them the advantage of tax deductions -- this money was paid into so-called nonprofit front organizations, apparently as a matter of form, and then transferred abroad, from where it ultimately flowed back into the party coffers. This tax evasion system, profitable for the donors and the parties, appears to have been practiced quite intensively for years. According to the latest reports at least, judicial authorities have already begun investigative proceedings against approximately 1,000 individuals or companies in connection with this affair. If the accounts circulating on Bonn's rumor and scandal exchange are correct -- strangely enough, there have never been vigorous denials from any quarter -- among the prominent politicians who are especially deeply enmeshed in this scandal are Economics Minister Lambsdorff and CDU Treasurer Walter Leisler-Kiep.

Plans conceived by experts last year aimed at quick action to gain general absolution for the embarrassing tax offenses have already been a hopeless failure. An originally contemplated amendment to the Basic Law, one that would have certified nonprofit status for the parties -- a status expressly denied by the Constitutional

Court in 1979 -- was quickly dropped after it had evoked a storm of public indignation. The formally somewhat more moderate variant -- that of wiping out the tax evasion offense by means of a tax amnesty law for contrite offenders -- was put on ice because of resistance from the SPD parliamentary group, which doubtless deserves great respect in this instance. There are no indications that such cover-up maneuvers, highly suspect in terms of both judicial and government policy, could come up with a parliamentary majority in the new year.

The prospect of success is equally slim for a separate initiative launched recently for the purpose of exonerating CDU Treasurer Kiep. A close aide of Kiep's had confided that the CDU treasurer had not personally signed incriminating letters soliciting funds from potential donors; rather, a signature facsimile device had been used to affix Kiep's signature to these letters. This attempt to make excuses of course found no favor in the press, nor is it probable that the public prosecutor will feel called upon to close the inquiry because of the new detail, especially since Kiep's aide has meanwhile admitted that use of the automatic signature facsimile process was naturally approved by his chief.

Boomerang for SPIEGEL Publisher

On the other hand, the side of the loud accusers in this evidently very complex affair is not going to escape completely unscathed when it comes to embarrassment. At least, this is true of the news magazine DER SPIEGEL and its publisher Augstein; they have been the main ones to drag the donations scandals into the light of day by means of repeated new disclosures and morally outraged commentaries. Meanwhile rumor has it that FDP member Augstein himself was definitely not averse to making tax-supported donations to front organizations used by his party. Although the SPIEGEL publisher does not dispute the facts of the case, he claims his nose is clean because his donations were obviously meant for the officially declared non-profit organizations, not for the FDP. This protestation of innocence is rather ill-founded, however, since the account in Augstein's own magazine expressly states that the results of inquiries to date have shown that the donor and the party receiving the donation had at all times played each other's game harmoniously and knowingly. In its revelatory zeal, the SPIEGEL has apparently ignored the old adage that he who lives in a glass house should exercise a certain measure of caution when throwing self-righteous stones.

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CSO: 3103/208

FORMER FOREIGN AFFAIRS MINISTER ON POLAND, YALTA

Paris LE JOURNAL DU PARLEMENT in French 1-15 Jan 82 p 5

[Article by Jean de Lipowski]

[Text] Jean de Lipowski, former minister for foreign affairs,
 warns us: "We must expose the myth of Yalta."

With things happening the way they are in Poland, the time has come to get rid of some clichés and expose some of the myths that are being used as alibis for our own pusillanimity.

First of all, we must expose the myth of Yalta. The accepted wisdom tells us that we can only stand idly by and do nothing because -- goes the pretext -- Poland lies within the Soviet Union's sphere of influence. This is a patent absurdity, and one that flies in the face of historical truth. Not one scrap of document came out of Yalta that would indicate that the Allies were abandoning Poland to the socialist camp. What actually transpired was precisely the opposite! General de Gaulle had refused, in 1944, to recognize the Soviet Union's seizure of Poland. In a trenchant passage in his "Memoires de Guerre," he argues that the enslavement of Poland to its neighbor to the East would be dishonorable, and that, furthermore, it would destroy Europe's equilibrium. At the time, Stalin gave in. Again, at Yalta, Stalin backed down and agreed to allow free elections in Poland. It was not until 1949 that Poland dropped into the Russian night, and then only when pushed into that pit by main force of subversion.

What we need, then, is a second look at Yalta, to show that it means the exact opposite of what people think they are citing in support of their plea of impotence to act.

We must also demolish the myth of non-interference, which is nothing but an evil joke. Everybody knows that there was logistical support from the USSR in that coup, and even direct Russian participation. It would be naive to believe that the Polish armed forces alone were responsible. We are not, after all, fools. You will hear the same thing, and it does him honor, from a man like Edmond Maire, who in those circumstances added lustre to his reputation through his courage and candor. Mr Emmanuel Maffre-Beaugé, elected on the communist slate,

is considering resigning his post in the European Community. It is significant indeed that all these men of the left refuse to credit the Polish government's coup. Walesa was not challenging or threatening either Poland's alliances or the CEMA -- much less the Warsaw Pact. He was not rejecting socialism, merely demanding human socialism. Here is proof that there is total incompatibility between Marx and that minimum of freedom Poland was asking for, and which it has been denied in a bloodbath.

There are two signals that cry out to be sent. Let us pull out, and forthwith, of this grotesque conference in Madrid, where we are sitting and talking amicably with the Russians about human rights. In February of 1980, Michel Jobert pointed out quite correctly that, by accepting the Helsinki agreements, Europe had embraced the spirit of Munich. Why is it that Mr Jobert, who is now a member of the cabinet, dares not use those same words to denounce those same Helsinki agreements? Western solidarity has grown more needful than ever now that Germany is drifting eastward. Germany right now is seeking its own counter-assurances toward the world behind the Iron Curtain. It is significant that Chancellor Schmidt, while he was in the German Democratic Republic, got the news of what was happening in Warsaw from Honecker himself. Germany is drifting eastward, and that is a fact one must be blind indeed not to perceive. It is prisoner to its fascination with the East. That means that the time has come to rouse the West and to take economic sanctions against the Russians. The aim is not to starve a people, but rather to cut off the handouts of high technology and preferential credit lines, and to employ firm language when we talk to the USSR. Let us find the courage to admit that detente is a weasel word, an empty shibboleth, until such time as the Soviets return to a more conciliatory attitude.

Let us not grovel before brute force. If our political leaders do nothing, if they turn craven, they will be found guilty before the bar of history.

6182

CSO: 3100/248

LEFT-PARTY COMMUNISTS SEEKING 'THIRD ROAD'

Zurich NEUE ZUERCHER ZEITUNG in German 7 Jan 82 p 3

[Article by "Ch. M.", Copenhagen, 5 Jan 82: "Sweden's Communists on 'Third Road'. Further Distancing from Kremlin"]

[Text] In regard to Poland, Sweden's communists have moved another step further away from the Kremlin. They have appointed a committee under the leadership of party leader Lars Werner for the purpose of drafting a program of action which is supposed to lead to closer contacts with "like-minded European brother parties." Communists in Spain and Italy were expressly named in this connection and Werner singled out for praise the course taken by Berlinguer's followers as exemplary for Sweden's communists. The latter are seeking to find a way between the "dictatorship of authoritarian socialism in the East" and the West's social democracy.

Communist chief Werner pointed out that a demonstrative step such as a complete break with Moscow was unnecessary since the Swedish CP has maintained no close ties with Moscow for some 10 years. He emphasized that there was no interest at all in expanding these deep-frozen relationships. This also held true for contacts with the Polish party, whereby he added that in this case it was difficult to see how that party could continue to function at all. Werner expanded his criticism with what was in Swedish eyes a particularly harsh judgement, saying that there was no difference between the military dictatorship in Poland and the one in Chile. In an article in 'DAGENS NYHETER' senior party official Joern Svenson had earlier stated that the current repression in Poland was basically a repetition of the suppression of freedom movements in Hungary 1966 and of Czechoslovakia in 1968 and that this form of authoritarian socialism represented a betrayal of Marxism that must be fought now more than ever before. The parallels implied a remarkable equation of Jaruzelski's coup with a Soviet intervention. On this point the thinking of Swedish communists appeared to be considerably more critical than those of many non-communists in Western Europe.

Sweden's national-revisionist communists have for a long time kept a considerable distance from the "genuine Socialism" of the communist bloc and are unwearied in asserting their agreement with similar statements of Berlinguer. On one immediate occasion Werner saw himself obliged to express his clear displeasure with Moscow in the case of the Soviet submarine at Karlskrona last fall. The oppression in Poland now makes even more urgent a reassertion of the autonomous Swedish path formulated in the 1960's. In accordance with this, Swedish communists pledged their support of an expansion of socialism within a pluralistic-democratic multi-party system. A formal break with Moscow has not been undertaken in the meantime.

Even in their bilateral relations the Soviets have not been behaving toward Sweden in a fashion calculated to garner popularity for a communist party in a Western European parliamentary system. Because the Kremlin has stepped up its pressure in the affair of the Moscow correspondent of 'DAGENS NYHETER', Staffan Teste, to such a degree that the paper has now decided to recall him. Teste had been accused by Soviet authorities of having illegally secured information, of having photographed military installations and thereby having forfeited his right to accreditation. According to all available indications, these accusations are only a smoke-screen with which a Soviet breach of the Helsinki accord is disguised. Secretary of State Leifland of the Swedish foreign ministry stated to Soviet Ambassador Yakolev, who had demanded Teste's recall "in the interests of bilateral relations", that the attempt was apparently being made to suppress news reporting disagreeable to the Kremlin.

Teste, who had worked as Moscow correspondent for about 3 years, had closely covered the unrest in the Soviet Baltic provinces and in particular had reported on opposition movements in Estonia. Since he evidently passed on his impressions and information to other Western correspondents in Moscow, Soviet propaganda had accused him of distributing anti-Soviet materials within the Soviet Union. It appears somewhat surprising how the Soviet authorities went about making such a melodrama of this case. As early as mid-December they summoned Sweden's ambassador in Moscow to the foreign ministry and then called home their representative in Stockholm, after the latter had been requested by the Swedes somewhat earlier to provide them with further particulars.

All of this leads to the speculation that the Soviets are somewhat nervous about conditions in Estonia and are about to deport unconditionally any foreign observer of unpleasant events in that area. In the final phase of the diplomatic tug of war Teste was already in Sweden for the Christmas holidays. Secretary of State Leifland characterized the Soviet accusations against the Swedish correspondent as unfounded. After the formal protest of the Kremlin in Stockholm, 'DAGENS NYHETER' was evidently left with little choice but to recall him, since Moscow was threatening to take steps if this did not occur. After the submarine affair of November this incident has meant a further strain upon Moscow's relations with Sweden.

9878

CSO: 3103/198

TURKEY-POLAND LINKAGE SAID TO SUIT GREEK PROPAGANDA AIMS

Istanbul MILLIYET in Turkish 13 Jan 82 p 9

[From Mehmet Ali Birand's "Them and Us" Column: "Athens Has Thrown a Stone That is Difficult to Lift"]

[Text] Efforts to establish parallels between the administration in Turkey and that of Poland have slowly begun to multiply...Of course, Athens is at the forefront of this.

And when the most recent developments are studied, it is seen that the events in Poland have begun to give rise to strange contradictions both within the West and in Turkey-Western Europe relations.

Some western circles studying the reasons for the military interventions in Poland and Turkey call attention to the following apparent similarities:

- 1) It was stated that Poland was invaded in order to prevent the disappearance of the communist regime in the country and Turkey in order to prevent the disappearance of democracy.
- 2) It has been said that in Poland, the army indicated that the Communist Party had lost control and they arrested various former leaders and seized control of the administration in order to prevent anarchy. In Turkey, it was stressed that the sterile conflicts among politicians had led the country to the point of division and the parties were dissolved.
- 3) In Poland, the Solidarity Union was closed down, its rights suspended and its leaders arrested on the grounds that they had brought the country to the edge of an economic abyss and had begun to threaten the communist regime. In Turkey, DISK was closed down and its administrators were sent before the court and the other union activities and rights were suspended on the grounds that DISK has introduced politics into union activities and threatened both the nation's economy and the democratic system.

Those wishing to establish parallels between the military interventions in Turkey and Poland start from these points. At this early stage, very few people are able to see the various fundamental differences between the two countries.

- 1) Turkey has begun to put into order its fundamental democratic institutions. The constitution is being worked on. The parties and the election law will follow this.
- 2) Turkey has announced and committed itself to the date a referendum is to be held and to the timing of elections. In other words, it has concretely demonstrated the temporary nature [of the military regime].
- 3) Whereas in Poland, it is not really clear to what extent the people approve of this military intervention, in Turkey, it is apparent that the people, in the very broad sense, greeted the military intervention with gladness.
- 4) There is also a large difference between the two countries with regard to the infringement of basic rights. However, these fundamental differences are lost among the day-to-day discussions...And western public opinion--in a ferment of excitement--is exposed every day to the following in connection with Poland:
 - The U.S. and the EEC countries, in all official announcements and speeches, stressing that the military regime in Poland is violating human rights, call for the release of the union members, the lifting of martial law and the establishing of dialogue with the Solidarity Union and the church. As a matter of fact, America goes one step further, deciding to apply sanctions against Poland until these wishes are realized.
 - The Pope, coming out increasingly against the violations of human rights in Poland, creates a veritable crusade atmosphere.
 - The West, indicating that the Helsinki Agreement has been violated in this manner, awaits the opening of the meeting in Madrid in order to call Poland and the Soviet Union to account...In fact, they are planning to bring the matter before the UN on the grounds that the United Nations Principles of Human Rights have been violated.

In other words, the West, at this stage, is basing its great campaign against Poland and the Soviets completely on the issue of human rights violations. In fact, it is continuously conducting a no holds barred propaganda campaign based on this point.

And Greece Points to Turkey

A short time after the developments in Poland, it began to be muttered in West Europe that a parallel--at least a superficial one--existed in the situation in Turkey. However, no one discussed this out loud. In fact, the strangeness and contradictions of this spontaneous situation were felt, but no great attention was paid to it.

Greece, however, broke the ice.

On 4 January, in Brussels, in the EEC Foreign Ministers Council, meeting in order to determine a joint position on the subject, the Greek Deputy Foreign Minister Fotilas, who was later removed from his post in an unfortunate manner, suddenly protested:

We are condemning the military administration in Poland, in fact we are discussing whether or not to take punitive measures against it. And yet, there is a military regime in Turkey as well.

According to an English diplomat in the hall at the time, a murmur something like: "Aah, that's all we needed," rose from the EEC ministers who were having difficulty enough in coming to an agreement as it was, and the matter was closed without giving anyone else an opportunity to speak.

However, this incident was the first official and concrete sign of what Greece's new approach will be...And immediately afterwards, prior to the recent NATO meeting, this position was presented in a clearer fashion.

This approach by Greece may put several western governments in a difficult position, deliberately or otherwise. Some of them will support it and eventually it will be used increasingly by groups or organizations wishing to put pressure on Turkey.

In truth, there are so many contradictions that, at this stage, no one really knows what he can do.

Western governments which, drawing a parallel with Poland, criticize the administration in Turkey, may find themselves in the position where they use the same language against Turkey as TASS, whom they sharply criticized at one point. Furthermore, whereas the EEC is pressuring America in order that no sanctions at all be imposed on Poland, they have fallen into a contradictory position by freezing Turkey's financial protocol and on this occasion is encountering the U.S.'s pressure concerning Turkey from the other direction...And meanwhile, Greece is continuing to press the point that: "In order that we might be consistent in accusing Poland and Russia of violating human rights, we must also punish the other military administration within our midst. Otherwise we will lose our credibility with our own people and the world."

...And, while doing this, Athens is able to find some natural allies within Western public opinion. And it is able to get part of the press behind it.

Some Western governments see no fundamental similarity between the two countries, some do not wish to see it, others, though they may not give full support to Athens' approach on this point, are sympathetically inclined. However, the West feels the great danger inherent in an official link between Turkey and Poland.

The difficulties begin at this point.

No one can really do anything about the situation arising from this approach by Greece. They can say neither "Yes, there is a similarity between Turkey and Poland" nor (with the exception of the U.S.) "No, there is definitely not."

However, in the months to come, Greece's opportunities to squeeze Turkey on this point multiply.

When NATO takes the Poland problem with respect to human rights to the United Nations, Greece will immediately raise its hand. When a complaint is made to

the International Labor Organization regarding Poland, Greece will once again attack Turkey. When NATO brings up the problem of martial law, in Madrid, on the grounds that it violates the Helsinki accord, once again...Athens.

In short, Athens is preparing a long and possibly damaging campaign, and it feels that it has found a very promising foundation.

And the vicious circle will begin once again:

Requests and wishes being expressed through the foreign minister, efforts not to talk about Turkey too much, or, at least, the perception of those who want to discuss Turkey of the need to avoid pretentious statements...

Everyone knows that this situation which we have mentioned will not change Turkey's position.

However, various reservations concerning Greece's intentions have begun to jell... What does Papandreou truly want to do?

Is this a simple public opinion campaign, or is it the preliminary preparatory scenario for certain decisions being prepared for delivery, concerning the Aegean?

All these occurrences must not be dismissed and it is necessary to carefully appraise their possible consequences and to prepare.

CSO: 4654/142

BRIEFS

LEBANESE OFFICER TRAINING--The French Ground Forces will take over training of a very large portion of Lebanese regular-army junior cadres; they have agreed to quadruple the number of Lebanese trainees in their military schools. It is at Lebanon's request that such training will be offered in 1982 to 120 newly commissioned officers--second lieutenants--of the Lebanese regular army, mostly in French infantry and armor schools. The Lebanese have asked France to provide such training in 1983 for a similar number of second lieutenants from combat units. France has apparently postponed any decision on the 1983 request in view of the problems it would involve. The general staffs feel that the 1982 contingent of young Lebanese officers will be a considerable strain on school facilities and on the number of instructors France could detail to such duty. By way of comparison, it should be noted that Lebanese trainees in French military schools in 1981, for ground forces alone, numbered 34 of all ranks (9 superior officers in higher military schools, 9 captains and 11 second lieutenants in instruction courses, and 5 non-commissioned trainees). [Text] [Paris LE MONDE in French 24 Dec 81 p 27] 6182

BRIEFS

GENDARMERIE PROMOTIONS--Gendarmerie Brigadier Generals Emm. Brilakis, G. Kostopoulos, G. Kazamias and D. Kollias were promoted to the rank of major general. Following these promotions, G. Mavrogiannis a.k.a. Plekas, Savvas Lintzerakos, Andreas Khras, Emmanouil Prinarakis and Nikolaos Vasileiadis were retired. According to knowledgeable sources, the Supreme National Defense Council will meet next week and will appoint the new head of the gendarmerie, who will be selected from among the newly appointed major generals. Brilakis is the first in the army list, Kostopoulos is third, Kazamias fourth and Kollias is ninth. [Excerpt] [Athens TO VIMA in Greek 15 Jan 82 p 1]

NAVAL MANEUVERS--The planned large-scale naval maneuvers in the Aegean called "Lailaps 82" [Hurricane 82] were initiated yesterday under the command of Vice Admiral Nik. Pappas. Participating in the maneuvers, which will last until the end of this week, are a number of submarines, destroyers, and other Navy vessels. [Text] [Athens TA NEA in Greek 14 Jan 82 p 10]

CSO: 4621/146

G. VOUDOURIS APPOINTED NEW TELECOMMUNICATIONS DIRECTOR

Athens OIKONOMIKOS TAKHYDROMOS in Greek 24 Dec 81 p 61

/Text/ G. Voudouris, the new director of OTE /Greek Telecommunications Organization/, is a professor with broad research and writing background both in Greece and abroad. He has also played an active role in social endeavors. The fact that he has been systematically engaged in scientific matters relating to telecommunications is evidence for the successful execution of his new duties. It is also expected that he will upgrade the OTE research division and that he will play a leading role in its modernization.

He was born in Kyparissia (Messinia) in 1919. He is a graduate of the EMP /Greek Metsovion Polytechnic School/ in mechanical engineering (1941) and electrical engineering (1947) and a graduate of the ESE /Advanced School of Electricity/ of Paris in electrical engineering (1952); he has a certificate in electronic physics from the University of Paris (1956); and he has a doctorate in physical science from the University of Paris (Sorbonne, 1958).

During the occupation, he participated in the student movement in the national resistance as a member of the EPON /National Panhellenic Youth Organization/ and EAM /National Liberation Front/. In 1950, he went to Paris on a French Government scholarship where, after completing his studies and receiving his doctorate, he worked for 10 years /as published/ for the CNRS /National Center for Scientific Research/ (1955-1956). In 1956, he became assistant professor at the EMP. He returned to Greece where he was appointed scientific adviser at the University of Patras, then being built. The renegade government fired him from his position in July 1966. In the meantime, he was appointed special professor in the physics department of the Advanced Agricultural School of Athens. He was fired (a third time) by the dictatorship government in February 1968 together with another 50 university professors (on the basis of Constitutional Act No. 9/1967 concerning "loyalty").

On the basis of the Constitutional Act of September 1974, he returned to the physics department of the Advanced Agricultural School of Athens where in December 1974 he was appointed regular professor. From September 1974 he was a regular professor in the EMP physics department, following new elections. During the 1977-1979 period, he was assistant dean at the EMP civil engineering school.

He has written approximately 50 original papers that have been published in well-known international scientific journals. These scientific works deal with nuclear and molecular physics and specifically with the following topics: Hertzian spectroscopy, electromagnetism, telecommunications, solid states, dielectric properties of matter and biophysics. He has administered 10 doctoral dissertations and has collaborated on four international patents. He has written 15 books and booklets in Greek and French.

5671

CSO: 4621/133

TEACHING OF GREEK TO GREEK YOUTH IN GEORGIAN SSR

Athens RIZOSPASTIS in Greek 8 Jan 82 p 4

/Article by Giannis Litsas: "The Greek Language in Schools of the Georgian SSR"/

/Excerpts/ Moscow (Our correspondent) --This year, the Soviet people will solemnly celebrate the 60th anniversary of the founding of the USSR. There are 15 equal associated republics and a series of autonomous republics and regions in the USSR in which over 100 different nationalities live.

A new concern for the development of the national minorities living in the Soviet Union is revealed in the decision to teach the Greek language in Georgia. There are 80,000 Georgians of Greek descent living in that republic. For some time now, the question of teaching Greek in schools attended by Greek children has been discussed. There are, however, several obstacles, including the lack of teachers, suitable teaching aids, etc. which gradually are being overcome. Beginning in 1981, the Greek language is being taught in 46 schools of Georgia.

Playing an active role in the materialization of this difficult but noble task was Tatiana Rogatsiova, deputy minister of education of the Abkhazian Autonomous Republic (part of Georgia). I found her in the restaurant of the Academy of Pedagogical Sciences in Moscow where she had come to work out certain problems dealing with the teaching of the Greek language. Taking part in the discussion were Kh. Politidis from the city of Sukhumi, N. Ariopoulos, school principal in the town of Datra and A. Tsetidis from the city of Rustavi.

All spoke with great enthusiasm about the beginning of the teaching of the Greek language, about the emotion and joy felt by both parents and children. We were told, "We consider the Soviet Union as our country. It has given us all the possibilities for work, culture, development. At the same time, however, we consider ourselves Greek and we want our children to know their mother tongue and to better understand the country of their forefathers."

I asked Comrade Rogatsiova how all the problems were finally settled and differences overcome.

She said, "I want first of all to stress that we had the full understanding and support of the party and state leadership of the republic as well as the ministry of education of the Soviet Union within the framework of which a special committee

was set up to handle not only the question of the staffing of our schools but jointly with the ministry of education of Georgia to draft and publish the necessary programs, books and helpful booklets."

I asked, "How did the parents and children confront the issue of the learning of the Greek language?"

She answered, "Without any exaggeration whatsoever, with special interest. We even have cases where non-Greek children have expressed the desire to study Greek."

I then asked, "And what are the prospects for this entire issue?"

She responded, "Today we can see that our first steps have been encouraging, and we have every reason to be optimistic. Very shortly, new educational and helpful booklets will be circulated. A special student group has been formed to learn Greek so as to staff our schools. These students have been sent to the University of Moscow from our region. A whole series of other measures are also being taken."

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CSO: 4621/133

GENERAL

GREECE

TURKISH SOLDIERS KILL GREEK FISHERMAN

Athens TA NEA in Greek 7 Jan 82 p 1

/Excerpts/ Yesterday morning, Turkish soldiers killed Georgios Kapoutsis, 47-year old Greek fisherman and father of two daughters, while he was in his boat at a place called "Emfraxi" on the Evros in the vicinity of Maritsa near the village of Ferres.

The circumstances in which the Greek fisherman was killed are not yet fully known since the military administration is still continuing its investigation, the results of which will be issued today. Following the issuance of the findings, it will be determined whether or not a Greek diplomatic protest will be made and on what level.

The government announcement issued on the incident mentions the following:

"An incident occurred today (yesterday) between 8 and 8:30 AM on the Evros on the Ferres heights when two Greek hunters, who had gotten into their boat outfitted with an outboard motor, exchanged gunfire with Turks during which a Greek hunter --fisherman-- Georgios Kapoutsis, 47 years of age, was killed.

"As determined by preliminary inquiries, while the two Greek hunters were returning to the Ferres region and while they were in an area where visibility was bad due to the existing fog, they heard someone calling out to them in Turkish: 'Come here.' The two Greeks answered in Turkish, 'Why should we come?' The surviving Greek hunter testified that they could not see anything whatsoever. Subsequently, gunfire was exchanged with the result that one of the two hunters, G. Kapoutsis, was killed.

"The investigation is continuing. At the conclusion of the investigation, the Greek side will take the necessary steps."

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